

BOND TRUST I

Quarterly Trust Update as of 12/31/2010

OBJECTIVE	INVESTMENT STRATEGY	BENEFITS AND RISKS	INVESTOR PROFILE
<p>The trust seeks to provide the highest level of income consistent with the preservation of capital over time through investments primarily in marketable debt securities.</p> <p>Not FDIC-insured. May lose value. No bank guarantee.</p>	<ul style="list-style-type: none"> Invest at least 80% of assets in income producing investment-grade debt securities. No maturity restrictions, but the weighted average maturity is expected to range from four to 15 years. Flexibility in purchasing investment grade debt securities at various credit quality levels to achieve a higher yield. 	<ul style="list-style-type: none"> The trust seeks to provide a higher level of income for moderately more risk relative to a money market or short-term bond investment. Generally less volatile than longer-term bond investments. High-quality bonds provide lower credit risk. The trust is subject to interest rate risk. The trust is not a money market investment and its price and yield will fluctuate. 	<ul style="list-style-type: none"> Appropriate for retirement plan investors who seek an attractive level of income and are willing to accept the risk of declining unit price when interest rates rise. Suitable for retirement plan investors looking for the diversification benefits associated with holding bonds.

TRUST MANAGEMENT

KEY TRUST DATA

RETURNS



Dan Shackelford is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Trust Company. He is a portfolio manager and member of the portfolio strategy team for the core and core plus mandates in the Fixed Income Division. Dan is president and chairman of the Investment Advisory Committee of the New Income Fund and the Inflation Protected Bond Fund. He also chairs the Fixed Income Derivatives Committee and is a member of the firm's Asset Allocation Committee. He earned a B.S. in business administration from the University of North Carolina at Chapel Hill and an M.B.A. in finance from Duke University, The Fuqua School of Business. Dan also has earned his Chartered Financial Analyst designation.

Assets (millions):	\$97.8
Inception Date:	August 2, 2010
Trustee Fee: ¹	0.45%
Managing strategy since:	August 2, 2010
Trust Holdings Turnover:	—

¹ As of 12/31/2010.

Cumulative Returns

	Bond Trust I	Bar Cap US Agg
3 Months	-0.79%	-1.30%
Since Inception 8/2/2010	0.80	0.27

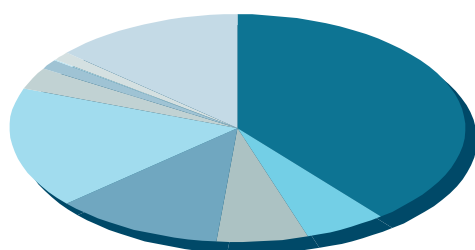
The T. Rowe Price Bond Trust I (the "Trust") is not a mutual fund. It is a common trust fund established by T. Rowe Price Trust Company under Maryland banking law, and its units are exempt from registration under the Securities Act of 1933. Investments in the Trust are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company and are subject to investment risks, including possible loss of principal.

Performance figures reflect the deduction of a 45 basis point annual trustee fee, which is used primarily to pay normal operating expenses, including custodial, accounting, and investment management fees. When assessing performance, investors should consider both short-term and long-term returns. All performance figures for periods over one year are annualized. Past performance cannot guarantee future results.

About T. Rowe Price Trust Company

- Maryland-chartered, limited-purpose trust company established in 1983
- Offers a variety of common trust funds (also known as collective investment funds) exclusively to retirement plans and their participants
- Part of the T. Rowe Price family of companies

BOND TRUST I

QUALITY DIVERSIFICATION[†]

39.2%	U.S. Government Agency Securities*
5.8%	AAA
12.0%	A
3.1%	BB
0.1%	CCC
13.5%	U.S. Treas**
6.5%	AA
17.2%	BBB
1.4%	B
1.2%	Reserves
0.0%	Not Rated

SECTOR DIVERSIFICATION

Mortgage	37.6%
Corporate	27.9
U.S. Treasuries	13.0
CMBS	5.0
High Yield	4.2
Government Related	3.5
Asset Backed Securities	3.3
Non-U.S. Dollar Demom	2.6
Cash & Equivalents	1.2
U.S. Municipals	1.2

PORTFOLIO CHARACTERISTICS^{††}

	Trust	Bar Cap US Agg
Maturity	7.4 years	7.0 years
Duration	5.0 years	4.9 years

More Info about T. Rowe Price

- Founded in 1937
- Commitment to fundamental in-house research with 185 dedicated analysts
- Portfolio managers have an average tenure of 14 years with the company
- Strict adherence to investment style
- Solid performance with a risk-aware investment approach
- Experienced in international investing with offices in London, Hong Kong, Singapore, Buenos Aires, and Baltimore

Definitions

Duration — A measure of a bond fund's sensitivity to interest rates.

[†]Source for Quality Diversification: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P.

*U.S. government agency securities are issued or guaranteed by a U.S. government agency, and may include conventional pass-through securities and collateralized mortgage obligations; unlike Treasuries, government agency securities are not issued directly by the U.S. government and are generally unrated but may have credit support from the U.S. Treasury (e.g., FHLMC and FNMA issues) or a direct government guarantee (e.g., GNMA issues). Therefore, this category may include rated and unrated securities.

**U.S. Treasury securities are issued by the U.S. Treasury and are backed by the full faith and credit of the U.S. government. Although U.S. Treasury securities are not rated by a credit rating agency, they are deemed to be equivalent to securities rated in the highest rating category.

^{††}Does not include equity or short-term securities.

Certain numbers in this report may not equal stated totals due to rounding.

EXCESSIVE TRADING POLICY

Excessive or short-term trading may disrupt management of the Trust and raise its costs. While there is no assurance that the Trust can prevent all excessive and short-term trading, the Trust enforces the policy set forth below to deter such activity.

- A participant purchasing units of the Trust through a plan that uses T. Rowe Price as its recordkeeper may make one “round trip” (i.e., one purchase and one sale or one sale and one purchase) involving the Trust during any 90-day calendar period. The policy looks back over the past 90 calendar days of trading activity to determine whether a current purchase or sale violates the policy. For example, in assessing a purchase in the Trust that a participant makes on February 1, we look back 90 calendar days (i.e., to November 3) to see if there was a purchase and sale by the participant in the Trust during that period. If there was, the February 1 purchase would violate the policy.
- A participant purchasing units of the Trust through a plan that uses an unrelated third-party recordkeeper, and who holds the units for less than 90 calendar days, is considered to have violated the Trust’s policy. Such participants should consult with their plan for more information regarding the plan’s implementation of the policy.

The policy applies to purchases and sales a participant initiates as part of an exchange into or out of the Trust, but not to a participant’s contributions, withdrawals, loans, or quarterly systematic auto-rebalancing transactions.

Participants trading in violation of the policy or believed to be short-term traders may be barred for 90 calendar days or permanently from further purchases of the Trust. Exchanges into the Trust placed by such participants are subject to rejection or cancellation without further notice. However, a participant is never restricted from exchanging out of the Trust. Please note, repeat offenders may be subject to complex-wide restrictions. All participant-initiated exchanges would be blocked for 90 days for all T. Rowe Price mutual funds, T. Rowe Price common trust funds, and non-T. Rowe Price funds that are covered by the excessive trading policy, and not just the fund or trust in which the excessive trading occurred.

For plans that use T. Rowe Price as their recordkeeper, participant trading activity is automatically monitored. For plans that do not use T. Rowe Price as their recordkeeper, we cannot monitor trading activity by individual participants. However, for such plans, we generally will review plan activity at the omnibus account level and look for activity that indicates potential excessive or short-term trading. If we detect suspicious trading activity, we will contact the plan or the recordkeeper to determine whether the Trust’s policies have been violated, and, if so, ask that the intermediary take further action. The Trust may modify the policy in the future, and it will provide notice as required if it does so. The Trust also may modify the 90-day policy on a case-by-case basis (for example, in situations where a retirement plan with multiple investment options imposes a uniform restriction on trading in the plan for investment options that differs from the Trust’s policy). These modifications must be agreed to in writing and would be authorized only if the trustee determines, in its discretion, that the modified policy provides protection to the Trust that is reasonably equivalent to the Trust’s regular policy.

For more information: Unlike a mutual fund, unit price and performance data for the Trust are not publicly available. If you have questions about the Trust call 1-800-922-9945. Representatives are available on business days from 7 a.m. to 10 p.m. eastern time.